

P R E F A C E

The **UGC NET Rank Booster – Economics Edition** has been meticulously designed to serve as a **comprehensive practice resource** for aspirants preparing for the **UGC NET Economics exam**. This book offers **10 full-length mock tests** with detailed solutions, aligned with the **latest exam pattern and syllabus**. It provides a structured approach to familiarizing students with the **actual exam environment**, ensuring they gain confidence and improve their problem-solving skills.

With **over 1,000 plus carefully curated questions**, this book ensures students cover all important topics, providing balanced coverage of sections based on the **weightage prescribed by the UGC NET Economics syllabus**. Each mock test reflects the **difficulty level and topic distribution** found in the actual exam, helping students effectively gauge their preparation and **identify strengths and areas for improvement**.

The book focuses on the **importance of practicing questions**—the key to mastering time management and minimizing errors in the real exam. Solving mock tests allows students to **enhance their speed and accuracy**, thereby increasing their chances of success. Each solution is **detailed and easy to understand**, providing clarity on concepts and enabling students to correct mistakes and avoid them in future attempts.

We are confident that the **UGC NET Rank Booster** will empower students to **boost their preparation**, sharpen their skills, and approach the exam with confidence. We encourage aspirants to thoroughly attempt all the mock tests, carefully analyze their performance, and use the insights gained to fine-tune their strategy.

We hope this book will serve as a **reliable companion** on your path to achieving success in the UGC NET Commerce exam.

Wishing you all the best for your preparation and success!

ACKNOWLEDGEMENT

First and foremost, I'd like to thank our entire Institute for Advanced Studies (IFAS) students for inspiring me to write this book. I would like to express my gratitude to Er. Radheshyam Choudhary, founding CEO of IfAS Edutech Pvt. Ltd. and Director of IFAS Publications, for his invaluable assistance and critical suggestions in completing the work.

My special thanks to **Mr. Sukhjinder Singh** for proofreading and verifying answers, reviewing and assisting me in preparing the systematic layout; your comments were invaluable in improving the content of this book.

I would not forget to thank all the IfAS team where I was able to further continue my teaching and especially learning the many facets of the process of building this book.

This book is the result of a collaborative effort, and it would not have been possible without the outstanding members of the IFAS publication team. During the production of this book, it was a pleasure to collaborate with many other dedicated and creative IFAS publications.

Special thanks to Gitanjalle Jadhav for keeping track of this project on a regular basis and Vikendra Metha for turning our ideas into a beautiful cover page design and text diagram. Kuldeep Singh Rathore and his team should also be thanked for formatting and typesetting. And finally, my humble greetings to all who put their significant efforts and are unmentioned.

INDEX

RANK BOOSTER

S. NO.	PARTICULAR	PAGE NO.
1	MOCK TEST	1
2	MOCK TEST	29
3	MOCK TEST	54
4	MOCK TEST	81
5	MOCK TEST	111
6	MOCK TEST	139
7	MOCK TEST	166
8	MOCK TEST	192
9	MOCK TEST	219
10	MOCK TEST	246

MOCK TEST

MOCK TEST

1. Which of the following components is NOT included in the broad measure of money supply, M3?
 - (1) Currency with the public.
 - (2) Demand deposits with commercial banks.
 - (3) Time deposits with banks.
 - (4) Post office savings deposits.

2. **Statement 1:** The **Gini Coefficient** is used to measure the degree of income inequality within a population.
Statement 2: Frictional Unemployment occurs due to seasonal variations in the demand for labour.
Statement 3: SEBI regulates capital markets in India, ensuring transparency and protecting investor interests.
Statement 4: FDI inflows are part of India's current account in the Balance of Payments.
Which of the above statements are correct?
 - (1) Only Statements 1, 3, and 4 are correct.
 - (2) Only Statements 1 and 3 are correct.
 - (3) Only Statements 2 and 4 are correct.
 - (4) All statements are correct.

3. **Assertion (A):** The mean is always greater than the median in a positively skewed distribution.
Reason (R): In a positively skewed distribution, the tail on the right side pulls the mean to the right.
 - (1) Both (A) and (R) are true, and (R) is the correct explanation of (A).
 - (2) Both (A) and (R) are true, but (R) is not the correct explanation of (A).
 - (3) (A) is true, but (R) is false.
 - (4) (A) is false, but (R) is true.

4. For the demand function $Q=100-5P$, find the price P that maximizes total revenue.
 - (1) $P=20$
 - (2) $P=5$
 - (3) $P=10$
 - (4) $P=15$

5. Which of the following correctly describes the concept of trade creation in the context of a customs union?
 - (1) It refers to the shift in production from a less efficient domestic producer to a more efficient foreign producer within the union.
 - (2) It refers to the reduction of trade barriers between union members.
 - (3) It refers to the increase in tariffs on imports from non-union members.
 - (4) It refers to the reduction in imports from more efficient foreign producers outside the union.

6. Which of the following are true about the properties of indifference curves?
 - (A) Indifference curves are downward sloping.
 - (B) Indifference curves for perfect substitutes are convex to the origin.
 - (C) Indifference curves never intersect.
 - (D) Indifference curves become steeper as we move down along the curve.
 - (E) Indifference curves for perfect complements are L-shaped.

Choose the correct answer from the options below:

 - (1) A, B, and D only
 - (2) A, C, and E only
 - (3) A, C, D, and E only
 - (4) B, C, and E only

7. In the context of the substitution and income effects, which of the following is/are true?
 - (A) The substitution effect always leads to an increase in the consumption of a good when its price decreases.
 - (B) The income effect can either increase or decrease the consumption of a good, depending on whether it is a normal or inferior good.
 - (C) For an inferior good, the substitution effect and income effect work in opposite directions.
 - (D) For a Giffen good, the income effect dominates the substitution effect, leading to a higher quantity demanded as the price increases.

Choose the most appropriate answer from the options below:

 - (1) A and B only
 - (2) B, C, and D only
 - (3) A, C, and D only
 - (4) A, B, C, and D

8. Match List-I with List-II:

List-I	LIST II
A. Law of Diminishing Marginal Utility	I. Indifference Curve
B. Marginal Rate of Substitution	II. Negative slope, diminishing along the curve
C. Consumer Equilibrium	III. Budget Line tangent to Indifference Curve
D. Price Elasticity of Demand	IV. Responsiveness of quantity demanded to a price change

Choose the correct answer from the options below:

- (1) A-III, B-II, C-IV, D-I (2) A-IV, B-I, C-III, D-II
 (3) A-I, B-IV, C-II, D-III (4) A-I, B-II, C-III, D-IV

9. Multidimensional Poverty Index (MPI) includes which of the following dimensions?

- (1) Education, Health, and Living Standards
 (2) Income, Employment, and Consumption
 (3) Trade, Investment, and GDP
 (4) Agriculture, Services, and Industry

10. Match the following infrastructure schemes with their objectives:

Scheme	Objective
i. Bharatmala Project	A. Urban infrastructure with a focus on water supply
ii. AMRUT (Atal Mission)	B. Building rural road infrastructure
iii. Pradhan Mantri Gram Sadak Yojana (PMGSY)	C. Road connectivity across India
iv. Smart Cities Mission	D. Development of smart and sustainable cities

- (1) i-B, ii-C, iii-A, iv-D (2) i-C, ii-A, iii-B, iv-D
 (3) i-A, ii-D, iii-C, iv-B (4) i-C, ii-D, iii-B, iv-A

11. Match the following types of unemployment with their definitions:

Unemployment Type	Definition
a. Structural Unemployment	A. Occurs due to economic recession or downturns
b. Cyclical Unemployment	B. Due to mismatch between skills of workers and job requirements
c. Frictional Unemployment	C. Temporary transition between jobs

d. Seasonal Unemployment	D. Occurs in industries based on seasonal demand
--------------------------	--

- (1) a-D, b-C, c-B, d-A (2) a-C, b-D, c-A, d-B
 (3) a-A, b-B, c-D, d-C (4) a-B, b-A, c-C, d-D

12. Match the following types of errors in a regression model with their causes:

Error Type	Cause
(A) Multicollinearity	(1) The variance of the error term is not constant
(B) Heteroscedasticity	(2) Independent variables are highly correlated
(C) Autocorrelation	(3) Error terms are correlated across observations
(D) Bias in OLS Estimators	(4) The error term is correlated with independent variables

- (1) A-3, B-4, C-2, D-1 (2) A-2, B-1, C-3, D-4
 (3) A-1, B-2, C-3, D-4 (4) A-4, B-3, C-1, D-2

13. If the total cost function is $C(q)=3q^2+5q+100$, what is the marginal cost when $q=10$?

- (1) 55 (2) 65
 (3) 70 (4) 75

14. A monopolist faces the demand function $P=100-2Q$ and the cost function $C(Q)=20$. What is the profit-maximizing quantity Q ?

- (1) 20 (2) 25
 (3) 15 (4) 30

15. The gravity model of international trade predicts that:

- (1) Trade between two countries depends on the size of their economies and the distance between them.
 (2) Countries will trade more with their neighboring countries, regardless of their economic size.
 (3) Trade patterns are determined entirely by factor endowments.
 (4) Trade will not occur between two countries that are geographically distant.

16. The Leontief Paradox refers to the empirical finding that:

- (1) Trade benefits only developed countries.
 (2) Developing countries do not gain from trade liberalization.

Reason (R): A positive Net Present Value (NPV) indicates that the project's benefits exceed its costs, making it economically viable.

- (1) Both (A) and (R) are correct, and (R) is the correct explanation of (A).
 (2) Both (A) and (R) are correct, but (R) is NOT the correct explanation of (A).
 (3) (A) is correct, but (R) is incorrect.
 (4) (A) is incorrect, but (R) is correct.

97. The Green Revolution primarily focused on:

- (1) Cotton production
 (2) Wheat and rice production
 (3) Plantation crops
 (4) Livestock

98. PM-KISAN is a scheme aimed at providing:

- (1) Subsidized seeds to farmers
 (2) Pension for retired farmers
 (3) Direct income support to farmers
 (4) Loan waivers for farmers

99. Statement 1: The **Goods and Services Tax (GST)** is a destination-based tax that subsumed various central and state indirect taxes.

Statement 2: Fiscal Responsibility and Budget Management (FRBM) Act aims at promoting fiscal discipline and reducing government deficits.

Statement 3: Foreign Direct Investment (FDI) in India is allowed under automatic and government approval routes.

Statement 4: Pradhan Mantri Awas Yojana (PMAY) focuses exclusively on providing urban housing.

Which of the above statements are correct?

- (1) Only Statements 1, 2, and 3 are correct.
 (2) Only Statements 2, 3, and 4 are correct.
 (3) Only Statements 1 and 4 are correct.
 (4) All statements are correct.

100. What is the capital expenditure allocation in the Budget 2024?

- (1) ₹11.11 lakh crore (2) ₹12.15 lakh crore
 (3) ₹10.01 lakh crore (4) ₹10.50 lakh crore

ANSWER KEY

1	2	3	4	5	6	7	8	9	10
(4)	(2)	(1)	(3)	(1)	(2)	(4)	(4)	(1)	(2)
11	12	13	14	15	16	17	18	19	20
(4)	(2)	(2)	(2)	(1)	(4)	(1)	(3)	(4)	(2)
21	22	23	24	25	26	27	28	29	30
(2)	(4)	(2)	(2)	(2)	(2)	(4)	(3)	(1)	(3)
31	32	33	34	35	36	37	38	39	40
(1)	(2)	(2)	(1)	(1)	(2)	(1)	(2)	(2)	(1)
41	42	43	44	45	46	47	48	49	50
(4)	(1)	(1)	(2)	(3)	(3)	(2)	(2)	(3)	(1)
51	52	53	54	55	56	57	58	59	60
(2)	(4)	(1)	(4)	(4)	(2)	(1)	(2)	(1)	(2)
61	62	63	64	65	66	67	68	69	70
(2)	(1)	(2)	(4)	(2)	(1)	(4)	(2)	(3)	(3)
71	72	73	74	75	76	77	78	79	80
(2)	(3)	(1)	(2)	(3)	(4)	(2)	(2)	(1)	(3)
81	82	83	84	85	86	87	88	89	90
(2)	(2)	(2)	(1)	(2)	(2)	(1)	(1)	(2)	(3)
91	92	93	94	95	96	97	98	99	100
(1)	(2)	(2)	(2)	(2)	(1)	(2)	(3)	(1)	(1)

SOLUTIONS

- 1. Correct Answer is (4):** The component that is **NOT** included in the broad measure of money supply, M3, is:
(4) Post office savings deposits.

M3 includes currency with the public, demand deposits with commercial banks, and time deposits with banks, but post office savings deposits are not part of M3.

- 2. Correct Answer is (2):**

Statement 1 is correct: The Gini Coefficient is indeed used to measure income inequality within a population.

Statement 2 is incorrect: Frictional unemployment occurs when people are temporarily between jobs or are searching for new jobs, not due to seasonal variations (which is called seasonal unemployment).

Statement 3 is correct: SEBI (Securities and Exchange Board of India) regulates capital markets in India to ensure transparency and protect investor interests.

Statement 4 is incorrect: FDI (Foreign Direct Investment) inflows are part of the **capital account** of the Balance of Payments, not the current account.

- 3. Correct Answer is (1):** Both (A) and (R) are true, and (R) is the correct explanation of (A).

Assertion (A) is true: In a positively skewed distribution, the mean is typically greater than the median.

Reason (R) is true and correctly explains the assertion: The tail on the right side (the positive side) pulls the mean to the right, making it larger than the median.

4. Correct Answer is (3):

$$\text{Given } Q = 100 - 5P$$

We know that total Revenue (TR) = PQ

$$\text{Thus } T.R = P.(100 - 5P)$$

$$T.R = 100P - 5P^2$$

To maximize $T.R$, we will take derivative of TR w.r.t. P and set it equal to zero.

$$\text{Thus, } \frac{d}{dP}(T.R) = \frac{d}{dP}(100P - 5P^2)$$

$$\frac{d}{dP}(T.R) = 100 - 10P$$

$$\text{Put } \frac{d}{dP}(T.R) = 0$$

$$\Rightarrow 100 - 10P = 0$$

$$\Rightarrow 10P = 100$$

$$\Rightarrow P = 10 \text{ Ans.}$$

- 5. Correct Answer is (1):** In the context of a customs union, trade creation occurs when the removal of trade barriers leads to a shift in production to more efficient producers within the union, replacing less efficient domestic production, resulting in more efficient allocation of resources and increased trade among union members.

6. Correct Answer is (2):

- (A) **Indifference curves are downward sloping:** True, because to maintain the same level of utility, if you consume more of one good, you must consume less of another.
- (B) **Indifference curves for perfect substitutes are convex to the origin:** False, indifference curves for perfect substitutes are straight lines, not convex.
- (C) **Indifference curves never intersect:** True, as intersecting indifference curves would imply inconsistent preferences.
- (D) **Indifference curves become steeper as we move down along the curve:** False, indifference curves typically become flatter as we move down along the curve.
- (E) **Indifference curves for perfect complements are L-shaped:** True, because perfect complements are consumed in fixed proportions.

Thus, the correct options are A, C, and E.

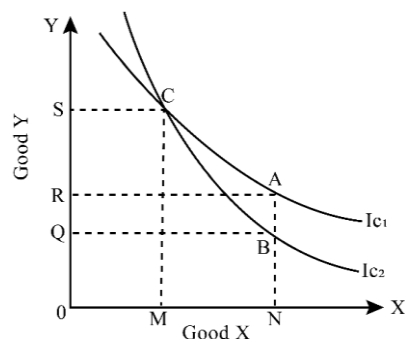


Diagram: Indifference curves cannot cut each other

In the diagram, point A is on higher indifference curve and point B is on lower indifference curve. Point C is intersection point of both the indifference curves. Point A and B shows different satisfaction level. A shows higher satisfaction level and B shows less satisfaction level.

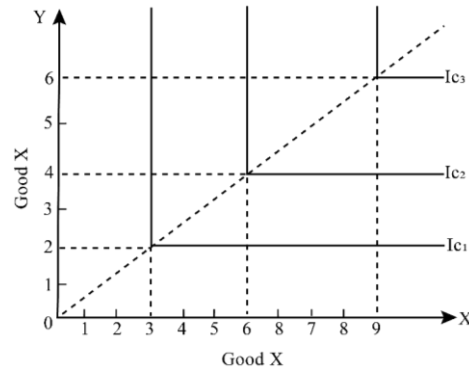
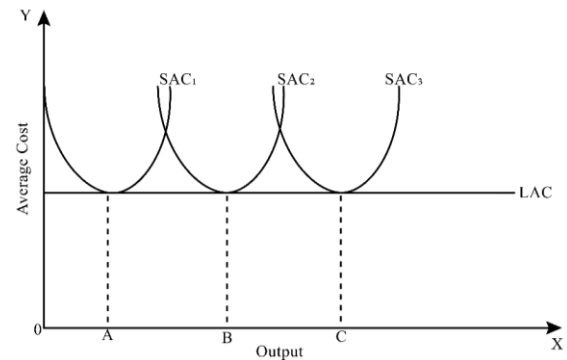


Diagram: Indifference curves of perfect complements

Indifference curves of perfect complementary goods is a vertical straight line which indicates that an infinite amount of Y is necessary to substitute one unit of X



7. Correct Answer is (4)

- (A) **The substitution effect always leads to an increase in the consumption of a good when its price decreases:** True, the substitution effect always encourages consumers to buy more of a good when its price falls, as it becomes relatively cheaper compared to other goods.
- (B) **The income effect can either increase or decrease the consumption of a good, depending on whether it is a normal or inferior good:** True, for a normal good, the income effect increases consumption as income rises, but for an inferior good, higher income might decrease consumption.
- (C) **For an inferior good, the substitution effect and income effect work in opposite directions:** True, for inferior goods, the substitution effect increases consumption when the price falls, but the income effect decreases consumption since the good is considered inferior.

(D) For a Giffen good, the income effect dominates the substitution effect, leading to a higher quantity demanded as the price increases: True, for Giffen goods, the strong income effect (due to the large share of income spent on the good) can cause an increase in demand even as the price rises.

Thus, all statements (A, B, C, and D) are true.

8. Correct Answer is (4):

- A. **Law of Diminishing Marginal Utility** corresponds to I. **Indifference Curve** because the concept of diminishing marginal utility underlies the shape of indifference curves.
- B. **Marginal Rate of Substitution** corresponds to II. **Negative slope, diminishing along the curve**, as the MRS decreases as you move down along the indifference curve.
- C. **Consumer Equilibrium** corresponds to III. **Budget Line tangent to Indifference Curve**, which represents the point of equilibrium where a consumer maximizes utility subject to their budget constraint.
- D. **Price Elasticity of Demand** corresponds to IV. **Responsiveness of quantity demanded to a price change**, which is the definition of price elasticity of demand.

9. Correct Answer is (1): The Multidimensional Poverty Index (MPI) measures poverty using three key dimensions: **education, health, and living standards**. These dimensions are further broken down into specific indicators to assess deprivation beyond just income-based measures of poverty.

10. Correct Answer is (2):

- i. **Bharatmala Project** corresponds to C. **Road connectivity across India**, as it focuses on developing and improving road infrastructure across the country.
- ii. **AMRUT (Atal Mission)** corresponds to A. **Urban infrastructure with a focus on water supply**, as AMRUT aims at providing basic urban infrastructure, particularly water supply and sanitation.
- iii. **Pradhan Mantri Gram Sadak Yojana (PMGSY)** corresponds to B. **Building rural road infrastructure**, which focuses on improving road connectivity in rural areas.
- iv. **Smart Cities Mission** corresponds to D. **Development of smart and sustainable cities**, focusing on creating smart, efficient, and sustainable urban areas.

11. Correct Answer is (4):

- a. **Structural Unemployment** corresponds to B. **Due to mismatch between skills of workers and job requirements**, as this type of unemployment occurs when there is a mismatch between the skills workers have and what is needed in the job market.
- b. **Cyclical Unemployment** corresponds to A. **Occurs due to economic recession or downturns**, as it is associated with the business cycle, rising during recessions and falling during expansions.
- c. **Frictional Unemployment** corresponds to C. **Temporary transition between jobs**, which happens when workers are temporarily unemployed while switching jobs or entering the labor market.
- d. **Seasonal Unemployment** corresponds to D. **Occurs in industries based on seasonal demand**, as this type of unemployment happens in industries where demand for labor fluctuates with the seasons, such as agriculture or tourism.

12. Correct Answer is (2):

- (A) **Multicollinearity** corresponds to (2) **Independent variables are highly correlated**, which happens when the independent variables in a regression model are highly correlated with each other, making it difficult to estimate their individual effects accurately.
- (B) **Heteroscedasticity** corresponds to (1) **The variance of the error term is not constant**, where the error terms have non-constant variance, violating one of the key assumptions of ordinary least squares (OLS) regression.
- (C) **Autocorrelation** corresponds to (3) **Error terms are correlated across observations**, which occurs when residuals (errors) from one observation are correlated with residuals from another, often seen in time series data.
- (D) **Bias in OLS Estimators** corresponds to (4) **The error term is correlated with independent variables**, which results in biased OLS estimates, as one of the key assumptions of OLS is that the error term should not be correlated with any independent variable.

13. Correct Answer is (2): Given $T \cdot C = 3q^2 + 5q + 100$

"We know that Marginal Cost" $MC = \frac{d}{dq}(T \cdot C)$

$$M \cdot C = \frac{d}{dq}(3q^2 + 5q + 100)$$

$$M \cdot C = 6q + 5$$

$$\text{At } q = 10, M \cdot C = 6(10) + 5 = 65 \text{ Ans}$$

14. Correct Answer is (2): Given $P = 100 - 2q$, $C = 20$.

We know that Total Revenue (TR) = $p \times q$